

# Legislative Notice

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No. 17

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## **H.R. 1259 — Social Security and Medicare Safe Deposit Box Act of 1999**

Calendar No. 152

Received in the Senate on June 8, 1999, and placed on the Senate Calendar on June 10, 1999.

### **NOTEWORTHY**

- The Majority Leader filed a cloture motion on H.R. 1259 on June 14, 1999. Following one hour of debate equally divided, the Senate will vote on the cloture motion today.
- H.R. 1259 was introduced by Representative Herger (R-CA-2) on March 24, 1999, and was passed by the House on May 26, 1999, by a vote of 416-12. Like the Abraham-Domenici amendment to S. 557, H.R. 1259 is a lockbox bill that seeks to assure that the Social Security surplus be used for Social Security, but unlike the Abraham-Domenici proposal, H.R. 1259 includes Medicare reform in the lockbox.
- Senate Democrats have filibustered the Abraham-Domenici Social Security lockbox amendment: three times since April they have barred the Senate from proceeding to vote on the amendment. It appears they also will filibuster this bill.
- The Administration has not expressed its position on H.R. 1259. The Secretary of the Treasury had expressed opposition to any limit on the public debt because it claimed it would cause debt management problems for the federal government. However, H.R. 1259 does not contain a public debt limit provision.

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## BACKGROUND

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Senate Democrats have three times barred the Senate from proceeding to vote on the Abraham-Domenici lockbox proposal. The three votes occurred on April 22, 1999, April 30, 1999, and June 15, 1999.

In short, the Abraham-Domenici lockbox would have reserved all the Social Security surplus over the next 10 years (2000-2009) for Social Security alone and would have instituted a 60-vote point of order and a limit on debt held by the public to enforce the surplus being used only for Social Security. [For a fuller description of this proposal see: RPC Legislative Notice No. 7, dated 4/20/99].

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## BILL PROVISIONS

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- H.R. 1259 would require that Social Security's financial transactions not be included in any official pronouncements on the federal budget — including the Office of Management and Budget, the Congressional Budget Office, the President's annual budget submission, and any federal agency — but instead be submitted in separate Social Security budget documents.
- It also would institute a point of order (majority point of order in the House and 60-vote in the Senate) prohibiting any legislative action that would result in an on-budget (non-Social Security) budget deficit.
- H.R. 1259 differs from the Abraham-Domenici lockbox proposal in two significant ways:
  - 1) H.R. 1259 does not contain a public debt limit provision; and
  - 2) H.R. 1259 includes Medicare reform, along with Social Security reform, as a permissible use for the Social Security surplus.
- With regard to Medicare and the Social Security surplus, the House and Senate agreed to language in the budget resolution for FY 2000 (sec. 203 of the conference report to H. Con. Res. 68) that would allow the use of the Social Security surplus for Medicare reform only if the reform "significantly extends the solvency of the Medicare Hospital Insurance Trust Fund without the use of transfers of new subsidies from the general fund." However, H.R. 1259 does not use this definition from the budget resolution conference report.

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## **ADMINISTRATION POSITION**

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The Administration has not expressed its position on H.R. 1259. The Treasury Department had expressed opposition to any limit on the public debt because it claimed it would cause debt management problems for the federal government. However, H.R. 1259 does not contain a public debt limit provision.

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## **POSSIBLE AMENDMENTS**

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There may be an amendment offered to address the policy differences between the House and the Senate regarding the use of the Social Security surplus for Medicare.

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